
STATE SCHOOL AID UPDATE

Michigan Department of Education

November 2005

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DURANT NON-PLAINTIFF PAYMENT NOVEMBER 15, 2005

We have processed the November 15, 2005 *Durant* non-plaintiff district payment, representing the eighth of ten equal annual payments to non-plaintiff districts in the *Durant v State of Michigan* court case. These payments began in November 1998, continue through November 2007, and are processed on November 15th or the next business day if the 15th falls on a weekend or holiday. These are payments to non-plaintiff local and intermediate districts with settlement amounts greater than or equal to \$75,000. The payments will sum to one-half of the settlement. Most districts chose to bond for the other half of the settlement, and received those proceeds in November 1998.

IMPORTANCE OF MAINTAINING CURRENT ADDRESSES IN DMB SYSTEM

The August 2005 UPDATE discussed the importance of maintaining a current address for each local district, intermediate district and public school academy on the School Code Master maintained by the Center for Educational Performance and Information. It is also very important to maintain a current address on the State of Michigan Vendor Registration file. This is done at the Department of Management and Budget website located at www.cpexpress.state.mi.us. This is the same website used to change banking instructions for electronic fund transfers as well as to pull down remittance advice for payments other than state school aid that are received electronically. The reason that it is important to maintain a current address on this website is that the Treasury Department occasionally intercepts state school aid payments and reissues them as warrants that are mailed to districts. We have had instances where these warrants have been returned as "undeliverable" because the address on the Vendor Registration file is outdated. When that happens there can be a significant delay in receiving a state school aid payment. Please take a moment to verify that your address is current on the Vendor Registration file. Also, be sure to update it when a move occurs that affects the location where a state warrant should be sent. The toll free Vendor Registration help line is (888) 734-9749. The local number is (517) 373-4111.

FINANCIAL INFORMATION DATABASE (FID) SUBMISSION

This is just the second year that the Annual Comprehensive Financial Report (formerly Form B) is to be submitted via the Financial Information Database (FID). An overwhelming majority of schools have submitted their FID data on time. We applaud your efforts and wish to thank you for all the hard work that you put into providing these critical data. (Glenda Rader, (517) 335-0524, RaderG@Michigan.gov).

NOVEMBER PAYMENT INFORMATION

The November state school aid payment is the second payment of the 2005-2006 fiscal year. The payment will be electronically transferred to the districts' accounts on Friday, November 18th as the 20th falls on the weekend.

Taxable value - The November payment continues to use the *beginning* 2005 tax roll non-homestead taxable value data, as provided by the county treasurers via the web based taxable valuation collection process. These data can be viewed by school district personnel on the Department's website. The URL is: <http://mdoe.state.mi.us/taxvalue>. To view your data, click on "Public Access," and then choose your district code and the appropriate tax year from the drop-down menus.

Questions concerning taxable value should first be directed to the appropriate county treasurer.

Pupil membership - September 2005 unaudited pupil count data received prior to November 1, 2005 were used in the calculation of the blended membership count for the November payment. Otherwise, the estimates that were used in the October payment continue to be used. Please note that using either the estimates or the unaudited data, districts eligible for the **three-year average membership blend** will have their state aid calculated based upon that average. These are districts with a current year 25% - 75% blend of less than 1,550 and 4.5 or fewer pupils per square mile for whom the average of the membership blends for fiscal year 2003-2004, fiscal year 2004-2005 and fiscal year 2005-2006 exceeds the current year blend. An asterisk (*) next to the membership figures on the status report indicates a three-year average.

Special Education cost figures - The fiscal year 2003-2004 special education and special education transportation cost figures continue to be used in the November payment. The fiscal year 2004-2005 cost reports, which were due this fall, are being audited by the Office of Special Education and Early Intervention Services and will be used to estimate current year costs when the data are released to the Office of State Aid and School Finance. (Dianne Easterling, Special Education and Early Intervention Services, (517) 241-4517, EasterlingD@Michigan.gov).

Updated categoricals - The following categoricals were updated in the November payment although the updates may not have affected the allocation amounts for all districts. If the allocation amount for your district has changed and you have questions concerning that change, contact the consultants identified below:

- Special Education - Section 54 (Dianne Easterling, Special Education and Early Intervention Services, (517) 241-4517, EasterlingD@Michigan.gov).
- Special Education - Section 51a.1 Tuition Deduct (Dianne Easterling, Special Education and Early Intervention Services, (517) 241-4517, EasterlingD@Michigan.gov).

Prior Year Adjustments - Many prior year adjustments have been processed in the November payment. The majority of these adjustments are based on taxable value changes for fiscal years prior to 2005-2006 reported to the Department via the web. See the item above labeled "Taxable Value" for instructions on how to view these taxable value changes. We have attempted to verify all value changes that appeared to be questionable. For years prior to fiscal year 2000-2001 these adjustments are labeled "FOUNDATION" under the Prior Year Adjustment section of the status report. The adjustments for fiscal year 2000-2001 through fiscal year 2004-2005 are labeled "PROPOSAL A." (Glenda Rader, State Aid and School Finance, (517) 335-0524, RaderG@Michigan.gov).

INFORMATION REGARDING THE NEW MIDDLE SCHOOL MATH INITIATIVE FUNDS

In addition to the categorical funds listed above that were updated for the November payment, the State School Aid Act Section 99b Middle School Math Initiative funds that are new for fiscal year 2005-2006 are being paid out, on an estimated basis, for the first time in the November payment. The \$3,850,000 allocation is to be paid to intermediate school districts based on an equal amount per pupil for each pupil actually enrolled and attending school in a district or public school academy located within the intermediate district in grades 6 to 8. The pupil counts used to calculate the estimated allowances appearing on the November State School Aid Financial Status Report are the pupil counts from the September 22, 2004 count. Based on those counts, the per pupil amount is \$10.02. Ultimately, the pupil counts from the September 28, 2005 count will be used. Information regarding the allowable uses of these funds and any reporting requirements will be forthcoming. (Ruth Ann Hodges, School Improvement, (517) 241-2219, HodgesRA@Michigan.gov).

SECTION 105 AND 105C

Sections 105 and 105c of the State School Aid Act allow districts operating under the unlimited enrollment option to count inter-district school of choice pupils in membership without an exception who are enrolled by the end of the first week of school. If you enrolled school of choice pupils after the first week of school, but on or before the count date, please contact Linda Brown at (517) 373-3368 or BrownLQ@michigan.gov to obtain an exception.

IMPORTANT DATES TO REMEMBER

NOTE: Noncompliance with the following deadline dates can result in the withholding of state aid. Please be aware, however, that calculation of the November payment occurs prior to these dates. Therefore, the November payment is NOT being withheld for noncompliance with the following requirements. Continued noncompliance, however, will result in the withholding of the December state aid payment.

- The **fiscal year 2005-2006 SRSD Records (including State Aid FTE Counts)** for the September 28, 2005 count date were due to ISDs on **November 2** and from the ISDs to the Center for Educational Performance and Information (CEPI) on **November 16**. Failure to file these reports will result in the **withholding of state aid**. (Joellen Wonsey, (517) 373-3352, WonseyJ@Michigan.gov).
- **November 1** was the deadline for local districts (including PSAs) to file their **fiscal year 2004-2005 financial audit reports** with the ISDs. The **financial and pupil accounting reports** were due **November 15** from the ISDs to the Department. Failure to file these reports will result in the **withholding of state aid**. (Kathy Weller, (517) 335-6858, WellerK@Michigan.gov).
- **November 15** was the deadline for local and intermediate districts (including PSAs) to submit the **fiscal year 2004-2005 Annual Comprehensive Financial Report - FID**. Failure to file these reports will result in the **withholding of state aid**. (Glenda Rader, (517) 335-0524, RaderG@Michigan.gov).

The proration factor for Section 31 At-Risk is \$170.2923404197 per pupil.

*Do you have questions about the information appearing in this UPDATE? Call the consultants identified above or **Dan Hanrahan, Director, State Aid & School Finance, MDE**, phone: (517) 335-0521, fax: (517) 241-0196, e-mail: HanrahanD@Michigan.gov